



**By email**

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
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Washington, DC 20551  
regs.comments@federalreserve.gov

23 September 2019

**Subject: Netting Eligibility for Financial Institutions (Docket No. R-1661, RIN 7100-AF 48)**

Dear Ms. Misback

The Bank for International Settlements (BIS) welcomes the opportunity to comment on the proposal (Proposal) of the Board of Governors of the Federal Reserve System (Board) to amend Regulation EE to include certain new entities in the definition of “financial institution” contained in section 402 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) so that they will be covered by FDICIA’s netting provisions.

The BIS is an international organisation that serves central banks and other financial authorities across the globe to build a greater collective understanding of the world economy, fosters international cooperation among them and supports them in the pursuit of global monetary and financial stability. The BIS is owned by 60 central banks, representing countries from around the world that together account for about 95% of world GDP. The BIS offers a wide range of financial services specifically designed to assist central banks and other official monetary institutions in the management of their foreign exchange reserves. Some 140 customers, including various international financial institutions, currently make use of our services.

We refer to the letter submitted by CLS Bank International (CLS) dated June 28, 2019 regarding the Proposal. In its letter, CLS expressed strong support for the Proposal and agreed that the new entities described in it should qualify as financial institutions. CLS also suggested that certain additional categories of entities should expressly qualify as financial institutions, including, among others, foreign central banks and supranational institutions, such as the BIS. CLS recognized that some of these additional entities could potentially qualify as financial institutions under FDICIA’s statutory definition or under the existing activities-based test in Regulation EE, but expressed its belief that an express extension of FDICIA’s protections (through Regulation EE) is necessary to provide certainty that netting contracts entered into with such additional entities will be enforced.

We would like to express our support for CLS's suggestion for foreign central banks and supranational institutions, such as the BIS, to expressly qualify as financial institutions in the context of Regulation EE. Even though BIS may already qualify as a financial institution under the activities-based test in Regulation EE, the express inclusion would provide welcome certainty that netting contracts would be enforced.

Yours sincerely

BANK FOR INTERNATIONAL SETTLEMENTS

/s/ Diego Devos

Diego Devos  
General Counsel

/s/ Petja Toskan

Petja Toskan  
Associate General  
Counsel